

**CITY OF MILWAUKIE
CITY COUNCIL MEETING
MARCH 10, 2003**

CALL TO ORDER

The 1905th meeting of the Milwaukie City Council was called to order by Mayor Bernard at 6:00 p.m. in the City Hall Council Chambers. The following Councilors were present:

Deborah Barnes
Larry Lancaster

Susan Stone

Staff present:

Mike Swanson,
City Manager

Jeff King,
Project Manager

Alice Rouyer,
Community Development/
Public Works Director

Kelly Somers,
Facilities & Fleet Manager

John Gessner,
Planning Director

Willie Miller,
Facilities Maintenance Specialist

Mary Rowe,
Human Resources Director

Jack Perry,
Operations Supervisor

PLEDGE OF ALLEGIANCE

PROCLAMATIONS, COMMENDATIONS, SPECIAL REPORTS, AND AWARDS

Centennial Flag

Wilda Parks, Centennial Committee Chair, presented a flag that flew over the State Capital on January 20, 2003 in celebration of the Milwaukie's 100th year. The flag was a gift from U.S. Senator Ron Wyden.

Councilor Lancaster suggested posting flag etiquette information on the website.

Employer Support of Guard and Reserve

The City of Milwaukie received an employers' award for supporting the National Guard and Reserves.

Councilor Lancaster attended the award ceremony with Jack Perry and Alice Rouyer. He was extremely impressed by the people there; it was the who's who of military brass. This is the single most prestigious award from the Defense Department to employers who participate in programs assisting the Armed Services. He was very honored to be there to receive the award and thanked Rowe for having a policy that makes this type of support possible.

Swanson thanked Perry for believing in the City as an employer and taking the time to submit the application.

Visitor Recognition

Mayor Bernard presented a Key to the City to Australian guests Tom and Debbie Burt. He is proud of his community and encourages other citizens, at their own expense, to recognize special guests in this manner.

Milwaukie's History

At Mayor Bernard's request, Milwaukie Museum Curator Madalaine Bohl prepared history notes about the second ordinance adopted by the Milwaukie City Council in 1903. It established licensing fees for people doing business in Milwaukie.

CONSENT AGENDA

The consent agenda included:

1. **City Council Minutes of February 3, 18, & 23, 2003;**
2. **Resolution 7-2003: A Resolution of the City Council of the City of Milwaukie, Oregon, Amending Resolution No. 6-2003 Pertaining to a Condition of Sale of the Property Located at 12125 SE 21st Avenue;**
3. **Energy Loan Program for Energy Saving Projects; and**
4. **OLCC Application for The Brew Bar & Grill, 10933 SE Main Street.**

Councilor Barnes requested the City Council minutes of February 18, 2003 be removed from the consent agenda for discussion. **Councilor Stone** requested the City Council minutes of February 23, 2003 and the Energy Loan Program be removed from the consent agenda for discussion. **Councilor Lancaster** seconded. Motion passed unanimously among the members present.

It was moved by **Councilor Lancaster** and seconded by **Councilor Barnes** to approve the Resolution of the City Council of the City of Milwaukie, Oregon, Amending Resolution No. 6-2003 Pertaining to a Condition of Sale of the Property Located at 12125 SE 21st Avenue and the OLCC Application for The Brew Bar & Grill, 10933 SE Main Street. Motion passed unanimously among the members present.

Mayor Bernard announced that the city attorney was excused from this meeting pursuant to Milwaukie Municipal Code Section 2.04.120.

AUDIENCE PARTICIPATION

None.

OTHER BUSINESS

Economic Development Policy

King provided the staff report on operationlizing parts of an economic development policy for the City. He provided an outline of issues related to economic development and identified key points: (1) changes in the economy and ways to respond; (2) perspectives; and (3) immediate steps that can take place on a limited budget which would lay the groundwork for a future large-scale policy.

With the current recession, people are scrutinizing how to better respond to economic development. Just as businesses need to respond quickly to economic changes, so must cities be prepared to respond to economic development. Several trends have emerged over the past 10 years: businesses must compete nationally and globally, knowledge has replaced oil and other natural resources as the key asset or resource for many businesses, work force must be educated and have specialized skills beyond a high school diploma, and economic growth and competition are based more in metropolitan regions than states or nations.

The regional economy is built around clusters for competitive advantages, which in the Portland metro region is composed of high technology, metals, machinery, transportation equipment, apparel, sporting goods, agricultural and food products, nursery products, and wood and paper products. Essentially, this is an infrastructure of specialized skills and facilities, venture capital, and a trained quality work force that acts as a knowledge base. Further, to be competitive in a world market, it becomes effective to build on these clusters. Secondary growth could end up in Milwaukie even though a company might be located in Beaverton. The increased use of the technology, Internet, and digital infrastructures enhance productivity.

Quality of life is an increasing factor in supporting and attracting economic success. Ongoing innovation and creativity is necessary as a source of continuing economic competitiveness. Because of its location, Milwaukie is impacted on 3 levels: regionally by things like a technology center, an advanced school of engineering, and transportation; citywide there may be tools or policies such as marketing that can help the economy in general; and finally site or project specific development, for example the Safeway site, can help Milwaukie expand.

More and more success comes through public/private partnerships that provide a team approach that is more efficient for all. He discussed Milwaukie's neighborhood structure that provides outreach, coordination, and support. The foundation of a strong economic development policy is building and sustaining capacity and creating a strategic plan with a vision and goals. Policy implementation should include land use and infrastructure, business retention and expansion, business recruitment and marketing, small business and entrepreneurial development, business climate and regulatory processes,

downtown and waterfront commercial development, a skilled work force, business resources, incentives and network, and regional participation.

Immediate steps to consider are creating a task force to look at some kind of long term capacity such as an economic development commission or a public/private partnership forum. Other immediate steps are to continue with the North Industrial Land Use project, to participate in regional committees, to develop an economic profile and site inventory, to establish an outreach plan with existing business and property owners, to seek grants, to network with other organizations, to proceed with downtown development, and to fund transportation improvements in Milwaukie that will effect future competitiveness.

Councilor Lancaster said it appears this is a good general plan that covers everything but is not so specific it cannot evolve. He agreed with King's suggestion that the economic development committee be heavily weighted with private sector membership. He asked King if he had given any additional thought as to the types of people and geographical location of the membership. In the past, the City has tried to keep as many residents on advisory boards as possible, which may not be appropriate with this group.

King has considered the committee's composition and feels it is important that it be private sector driven with public sector involvement. However, there are distinct categories because of the importance of a skilled work force and different types of businesses.

Councilor Lancaster was thinking of tapping resources in the entire metropolitan area versus restricting the membership to talent within Milwaukie proper.

King felt there should be some members either working or living in Milwaukie. A component to consider is a membership with an expanded expertise to strengthen links. He suggested an ex officio or ad hoc member from the Oregon Economic Development District and Chamber. There are certainly important links with the School District. He has not gotten to the point of thinking of a finished product, but it is important for the community and elected leaders to consider how to shape things. He can filter suggestions as the Council wishes.

Councilor Lancaster said his main concern is getting the right mix of people that can really get something done.

King agreed and said it is important to have someone who is a champion or leader with real energy and vision.

Councilor Barnes appreciated King's effort and is very pleased. She wants to begin moving on this immediately and would be more than happy to forward and do what needs to be done. She wants to begin moving on this immediately.

King said the immediate steps can be implemented at minimal or no costs, and there may be a grant opportunities. He discussed putting together a task force and doing some of the work already started under the rubric of economic development including the North Industrial Land Use Study and the downtown plan.

Councilor Barnes was very supportive of the ambassadors committee that welcomes new businesses to the City. She would be happy to represent city officials on that group.

King has observed a lot of talent in the local businesses and public sector people and partnerships are already beginning. There has been a good message coming from the City, so he feels the pieces are there.

Councilor Stone asked when grant funding might begin.

King believes applications will be accepted in March and April, and he does not think the state will make any further cuts to the Regional Strategies Fund this fiscal year.

Councilor Stone asked King for his vision of the size of a committee.

King thought a 15-member committee would work with a smaller executive committee to provide a mix of perspectives. These are his initial suggestions and are certainly flexible.

Councilor Stone thinks it would be great to get people from all these sectors, but her concern is getting that many people together for meetings.

Councilor Lancaster asked how any perceived or actual conflicts of interest would be handled.

King did not have any thoughts on that issue at this point.

North Industrial Land Use Study Update

Gessner provided the staff report on the North Industrial Land Use Study (NILUS) and noted it was for information only. There has been good feedback from area business and property owners. The NILUS open house was well attended with excellent representation, and staff feels it is really beginning to understand business issues related to this project. Some of the most important concerns are coming from the major land uses in the area, which are warehousing and distribution concerns. The north industrial area is home to about 3.7 million square feet of floor area, and a good deal of that is in warehousing and distribution. One of the things learned recently is the importance of the rail spurs to both the historical development of the area and the future. Representatives from Oregon Transfer, Holman, and Rudie Wilhelm indicated their companies receive inbound freight on rail cars and then distribute throughout the

greater northwest region by truck. One of the company presidents said it is their lifeblood.

When this project started there was a possibility that some of the larger buildings would transition to another type of land use. What was learned is that because of the scarcity of comparable sites and the importance of rail access, these companies plan to be where they are for the next 20 years. As a result, staff changed its perspective on what parts of the north industrial area might redevelop. Some of the sites that will likely be subject to redevelopment pressures are on the southern end, particularly the Harvester Drive site. A big question about redevelopment hinges on when light rail will happen and the resulting market interest. The work that has been done to date shows there will be a market demand for office type uses and a move from warehousing, distribution, and manufacturing.

On the west side of McLoughlin Boulevard there are several sites that have been vacant for some time that formerly housed manufacturing companies. To provide encouragement, a recently completed industrial land use study shows good prospects and high demand for industrial land well into the next 20 years. If these projections are correct, people will be looking for sites in the greater metropolitan area. Not all industrial locations are the same. Milwaukie's location serves many interests because of its proximity to Portland. The current manufacturing zone regulations are very restrictive, and staff is considering broadening the types of uses in the north industrial area to allow greater flexibility. The first thing heard was that existing businesses must be protected, and staff believes it can make the zoning more permissive without adversely affecting the existing businesses.

The Council had no questions on Gessner's report. He added a few comments about SamTrack which provides an important service to Milwaukie's industry.

Metro Affordable Housing Reporting Requirements

Gessner provided the staff report on the Metro Functional Plan Title 7 requirement related to increased opportunities for affordable housing. Metro established certain reporting requirements, and the City missed 1 reporting deadline by about a year. At this point in time, there are no requirements other than to consider various options including the current conditions and secondly to consider strategies. Staff is seeking direction on whether it should conduct this work and do the reporting and submit it to Metro after City Council approval.

He estimated it would take about 50-60 staff hours over a 5-month period. There is another deadline in December, which is to adopt a Comprehensive Plan policy encouraging and supporting a diverse range of housing; however, Gessner doubts it will be met. Milwaukie did fairly well by comparison with its stock of affordable housing. He discussed voluntary affordable housing goals which Metro set at 102 housing units with incomes at less than 30% of the regional median household income. For instance, that would be \$429 per month for housing costs and is probably subsidized housing of some

kind. One procedural issue he will investigate if Council directs is how Metro arrived at that number. Gresham reported and raised a number of questions about whether or not Title 8 was considered in the voluntary housing goal. If that was not considered as it appears, it may turn out that Milwaukie has already met its voluntary target if public sector supported housing is counted.

Mayor Bernard said everyone realizes there is already a lot of affordable housing in Milwaukie, probably more than its share, and he is confident the report will show that.

Councilor Lancaster said, in addition, the emphasis should be on the appropriate mix of housing opportunities which means more other types of housing than affordable. Another element that should be in the mix is the percentage of public entities within a jurisdiction. He believes Milwaukie has a high percentage per capita of non-taxpaying entities.

Councilor Stone asked Gessner to clarify the methodology Metro uses in coming up with their figures and what the median income is for Milwaukie.

Gessner said Metro looked at the entire region and made assumptions about what affordable housing is or is not. Affordable housing is housing for which residents spend no more than 30% of their median income. He thinks Metro probably collected data from mortgage companies. Metro looked at the data and came up with a shortfall of 90,000 units region wide over the next planning period and decided the region should come up with 10% of that shortfall over the next 5 years.

Councilor Stone believes Gresham made a good point about considering Section 8 housing. Milwaukie certainly has absorbed a huge share of Clackamas County's low income housing. She would like to know those numbers and pursue the issue with Metro.

Councilor Lancaster thought some of these assumptions were arbitrary. He is not convinced that a high percentage of people who have low overall income may live in a particular area, which drives that percentage much higher. People living in Lake Oswego, for example, probably pay a disproportionately large amount of their income for housing. The numbers can be easily skewed by demographics, which may weigh in Milwaukie's favor.

Councilor Stone asked Gessner to explain the density bonus.

Gessner said a density bonus is typically done through a land use approval where the developer provides a certain percentage of affordable units and would be given an overall density bonus. This is an incentive to provide affordable housing. It can be done in a number of different ways, either by cost or by unit.

Councilor Stone referred to staff report page 7 having to do with fast track affordable housing and asked for a definition of that term. It seems fast track development does

not necessarily enhance the neighborhood and may in fact lower values. She wants to raise the standard of living and not lower it. The City needs to strive to raise the bar.

Gessner said this refers to the amount of time, particularly in Portland, it takes to get a project completed. This is not the case in Milwaukie, however. If the developer is able to cut 6 months out of the approval process, then he saves money.

Gessner affirmed staff was directed to proceed with the reporting, and City Council confirmed that.

City Council Minutes of February 18, 2003

Phillip Reich, 5650 SE King Road, Milwaukie. There were few corrections to the minutes. Most of his discussion had to do with the result of the minutes, and what was given to him by the City did not necessarily reflect Council's decision.

His changes to the minutes were on page 13, paragraph 2. He had said, "The owner as well as her daughter did appear..." The minutes says "daughters"; she only has one. The daughter's daughter did appear as well. Later it says, "He felt they had been a misrepresented." This does not make English sense. He stated, "He felt there had been a misrepresentation that they were owners in the minutes of the Planning Commission." The daughter is not an owner.

Mayor Bernard said the daughter would technically be an owner. He received a call after this meeting, and she was very upset. This property is being held in trust in her name.

Reich said that is not what her mother told him when he talked to her previously.

Swanson said what was said at the hearing cannot be changed regardless of a misstated fact that evening. The minutes should reflect what was stated that evening.

Reich was talking about what he stated in the last meeting. He received a notice of decision based on the City Council's decision. There are some inaccuracies, and he also received it late. He did not receive it in the mail; he had to call the planning department and ask Kenneth Kent to fax it to him. This was 9 days after the Council meeting. The notice states the Council voted unanimously. That is not true. Then it goes on, "according to the denial the appeal shall be voided on occurrence of the following..." According to the minutes the motion as restated by Firestone was to "deny the appeal but allow the applicant 21 days to submit a revised application to the Planning Commission; if nothing is submitted within those 21 days, denial would be final and permanent." That was Council's decision. However, the notice of decision goes well beyond the decision of the Council, and Reich believes it is inaccurate. It states, "accordingly, the denial of the appeal shall be voided on occurrence of the following: submission of new and complete application no later than March 13, 2003, with one-half

of the applicable fees paid at time of submission." The one-half payment was not in the motion, but Reich agreed to it.

It goes on to state in item number 2 of the notice, "submission of the revised partition plan showing dedication of a public street with construction of street improvements in accordance with City design standards including provisions for vehicle turnaround and fire access described in the staff report presented to the Planning Commission October 22, 2002." There is no language anywhere in the minutes which reflect this statement; however, he is in agreement the intent was that the plans he produces include provisions following City guidelines and standards. He has no problem with that; however, this goes much further by saying you are adopting the staff's report as stated in the Planning Commission meeting. This was not specifically voted on or accepted by the City Council at its February 18 meeting. On page 2 of the notice of decision, it says, "Findings in support of denial were adopted by the Planning Commission on October 22, 2002, are adopted as part of these findings." Again the City Council did not make any motions to adopt findings. The clear decision was to "deny the appeal, but allow the applicant 21 days to submit a revised application to the Planning Commission; if nothing is submitted within 21 days, denial would be final and permanent." That was the motion. His point is, this goes well beyond what the Council decided, and he is concerned with it and would like to see something that reflects the Council decision rather than what was generated by staff.

Swanson asked if the minutes were correct with the exception of the plural of daughters and grammatical correction.

Reich said that is correct. The problem is the notice of decision which should reflect the minutes.

Swanson said the action before Council has to do with the minutes.

Reich contacted Councilor Barnes and mentioned both of these things and asked her the proper method for dealing with them. She agreed to pull the minutes for discussion. The minutes would be correct with those 2 changes.

It was moved by Mayor Bernard and seconded by Councilor Barnes to adopt the City Council minutes of February 18, 2003 with the 2 changes. Motion passed unanimously among the members present.

Swanson will discuss the notice of decision with the city attorney.

Reich is concerned because the deadline is coming up this week. As he mentioned to Councilor Barnes, he attempted to have a discussion with City staff during its regular Thursday meeting and was told it was cancelled because of Gessner's interpretation that unless he submitted exactly what the city engineer recommended, they would not discuss it. He did not even have a chance to discuss it. He is not trying to fight putting in a street. He is trying to come up with some reasonableness in what that means. He

had talked with Ken Kent about various options for doing that. The meeting was cancelled on Gessner's authority. He did not have a chance to talk with staff, and it is all based on this. Time is of the essence. If he waits for another Council meeting, it will be beyond the March 13 deadline. He suggested either the deadline be extended by 1 week to allow the City to deal with this issue or that this be dealt with tonight.

Swanson thought the minutes and decision that night was a final decision. The issue of whether or not it is correctly stated in the notice of decision could be raised in front of the next body on appeal. The final order of decision was entered that evening by the Council and is reflected in the minutes. He will speak with the city attorney, but he does believe the final order was entered that night.

Reich's concern is that anything he supplies will be rejected outright if it does not exactly meet what was stated in the notice of decision.

Mayor Bernard added at which time there is an appeal.

Reich was concerned this would be an additional process.

City Council Minutes of February 23, 2003

Councilor Stone clarified the intent and rephrased 3 of her comments in the draft minutes. The first was on page 35 in reference to the analogy of deployable police officers and nurses: "All RN's can respond to a crisis or disaster but perhaps not perform at the same level of service and be as effective as those trained to do so." Her point was that each has specialties and certain levels of basic training. The second change was on page 37 regarding the adding the neighborhood grant roll over to the motion: "Councilor Stone thought the 'rollover' addition to the motion was inappropriate. The motion was about a 1995 policy decision regarding community policing." The third was on page 38 regarding her comments on teambuilding: "Councilor Stone agrees teambuilding is important. When she sat down at this meeting, it was apparent a 'fast one' was being pulled by 3 members of the Council."

It was moved by Councilor Stone and seconded Councilor Lancaster accept the February 23, 2003, Council work session minutes as amended. Motion passed unanimously among the members present.

Energy Loan Program

Miller and Somers were present to provide information on the program.

Councilor Stone noticed that recouping the cost of the program would take 2 to 6 years depending on the department, and the term of the loan was 15 years. She asked if the repayment period could be shorter at a lesser percentage rate and if there was a penalty for early repayment.

Somers said 15 years is the maximum term, and there is no minimum, and there is no prepayment penalty. This project is included in next year's Capital Improvement Plan (CIP) and shows the loan coming in and payments in the facilities department spreadsheet for affected departments. The maximum interest rate is 5.1% and can go as low as 2%.

It was moved by Councilor Stone and seconded by Councilor Lancaster to sign all documents required to apply for and execute a \$170,000 energy loan from the Oregon Office of Energy. Motion passed unanimously among the members present.

Adjournment

It was moved by Councilor Lancaster and seconded by Councilor Barnes to adjourn the meeting. Motion passed unanimously among the members present.

Mayor Bernard adjourned the meeting at 7:15 p.m.

Pat DuVal
Pat DuVal, Recorder